

21

Amendment to SB 234 recommended by the Montana Unified School Trust (MUST) to modify the effective date

Amend Section 8

Page 11 line 6

After: "2010"

Insert: "or the next renewal of the insurance plan or contract"

SENATE FINANCE & CLAIMS

Exhibit No. 20

Date 3-9-09

Bill No. SB 234

This amendment is requested to protect insurers and benefit providers from mid-term cost increases that were not anticipated when renewal rates were developed.

Depending upon whose analysis one uses, SB234 will increase benefit costs somewhere between 1% and 2% annually. For those insurers that have already developed and delivered rates for the coming fiscal year (July 1, 2009 through June 30, 2010) this bill will either force the insurer into a financial loss on benefits or require the insurer to notify the insured that their current renewal rate will have to be modified to reflect passage of this bill.

Amending the effective date to January 1, 2010 or the first renewal date thereafter will allow all insurers to set rates in anticipation of the increased costs.

MUST provides health benefits (insures) for 229 school districts and groups throughout the state of Montana; a little over 50% of Montana's public school employees.

Renewal rates for the 2009-2010 plan year are developed from experience data from the two years ending December 31, 2008. The Board of Trustees approved renewal rates in February, 2009 and rates have been delivered to the local districts so they can be considered at the March Board of Trustee meetings. This date is requested by districts to enable any cost increases to be considered and included in the district budget setting process. Those local trustee meetings are usually held on the second Tuesday of the month.

MUST districts now have their premium renewal rates that are effective on July 1, 2009. Failure to amend this bill in the manner described above will result in MUST experiencing a loss on medical claims next year of approximately \$790,000 or require that we notify districts that renewal rates will be increased by 1.2% based upon passage of SB 234.

We prefer not to create problem for the legislature by laying a rate increase directly on the actions of the Legislature, but MUST cannot afford to take a loss next year as a result of this bill.